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INTERDEPARTMENTAL TASK FORCE
ON AFFORDABLE HOUSING

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To: Land Use Committee,
Neighbourhoods Committee

Subject: The More Efficient Residential Use of Properties in the City, Including the Promotion of More Affordable Housing.

Origin: Clause 18 of Neighbourhoods Committee Report No. 10, approved by Council on May 20, 1982. (c71nhc82080:126)

Comments:

1. INTRODUCTION

On May 20, 1982, upon the recommendation of the Neighbourhoods Committee, Council appointed an Interdepartmental Task Force composed of the Commissioners of Planning and Development, Buildings and Inspections and Housing. The Task Force was instructed to investigate various matters related to the efficient residential use of existing properties in the City. City staff have been studying different aspects of the more intensive use of Toronto's housing stock for some time. Moreover, a number of reports have been written in the past, both by staff and by other groups, which deal with some of the same concerns that will be discussed here. Most recently, the Bureau of Municipal Research submitted a report to the Neighbourhoods Committee, entitled "A Case for Bachelorettes", the recommendations of which the Committee considered along with those of the Commissioner of Housing's report of March 19, 1982.

The promotion of the better utilization of existing housing necessarily implies the development of smaller units than are now in place. This corresponds with increased demand from smaller households, who are not presently well served by the market place. The most affordable accommodation for these people tends to be the smallest housing forms, notably boarding and lodging rooms. Consequently, many of the concerns about the efficient use of existing structures focus on this type of housing.

Given this context, the goals of the present study can be summarized as follows:

1. provide a well documented background to the housing needs of smaller households, and the extent to which these needs have been met in the City;

2. pull together the work that has been done in the past on this subject area, together with work currently being undertaken, in order to provide a comprehensive framework which puts various individual elements into perspective and facilitates a balanced policy approach;

3. upon satisfying the two foregoing objectives, recommend policy directions to be adopted by Council in addressing, first, the issue of more accommodation for smaller households; and, second, the question of the affordability of this type of housing.

4. outline a number of more specific strategies that should be explored further if Council decides to proceed in the general directions recommended by this report.

The present report, then, looks at two characteristics of Toronto simultaneously: the social composition of the City - particularly that segment of the population that is unattached and under the age of 65 years; and the physical form and structure of the City, in particular the stock of small housing units. The prevailing concern is how these two dimensions relate. What shifts have occurred in Toronto's population? Has the City's housing stock responded adequately to the emerging needs of a changing population? What are the present challenges facing the City in addressing the issue of affordable housing for smaller households? How can the City meet these challenges?

This report concludes that smaller households represent a rapidly growing section of the City's population. Furthermore, unattached individuals have specific housing needs which are not now being satisfied. While many low to moderate income households currently face a housing crisis, this situation is particularly severe for consumers of small rental units. Low income singles and couples under 60, however, are excluded from virtually every type of public housing and rental assistance program.

The City can respond to the issue of more affordable housing for small households in three ways. First, it can undertake some softening of its own regulatory framework or possibly introduce bonus incentives in order to promote the more intensive use of the existing housing stock. This strategy is limited in its ability to solve the affordability dilemma, however. Second, the City can strengthen its advocate role with respect to other governments, whose housing policies and programs largely circumscribe the activities of the City in the local market. Finally, the City can use its own resources to intervene directly in the housing market in order to create more affordable small units. Ultimately, this third approach is the one which is most certain to make a positive

impact on the housing crisis confronting a long neglected segment of Toronto's citizenry.

2. TORONTO'S POPULATION AND HOW IT IS HOUSED: PATTERNS OF CHANGE

2.1 The Eclipse of the Traditional Family

In demographic terms Toronto is a very different City today than it was in the first years following the second World War. Burgeoning immigration, rural to urban population shifts, dramatic changes in the birth rate, and changes in Toronto's economic and employment structure have had a marked effect on the City's social fabric. These changes in Toronto's population have been reflected to some extent in physical alterations to the communities which house its individuals and families.

The Toronto of 1951 was a family dominated city with 94% of its population living in households comprised of two or more people. One family households were clearly the norm, as two-thirds of the total number of households fell within this category. Only 13% of the total number of households were classified as "non-family", meaning people living alone or together with other unrelated persons., In the post-war years, however, Toronto has undergone some profound changes. By 1981, the proportion of non-family households had risen to 46.0% and now appears about to outweigh the share of family households in the City. Concomitantly, the number of one-person households has exploded from 10,225 in 1951 to over 90,000 thirty years later. Today, roughly two households out of every five have only one person. The average household size has plummetted from a post-war high of 4.3 persons to only 2.4. More and more, Toronto is becoming a city of unattached individuals who live either alone or in non-family arrangements.

It is instructive to view these trends in a Metro-wide context. While the same general shift toward smaller households and relatively fewer family households has been experienced by all of Metro Toronto's constituent municipalities, the City of Toronto has consistently maintained its role as the primary concentration of one person and non-family households for the metropolitan area. Certainly, Toronto's changing demographic structure mirrors to some degree broader societal trends, but the patterns of change have been less pronounced in the other parts of Metro. Hence two-thirds of Metro's households are still single family (74% if Toronto is excluded), and the average household size is 12.5% greater than that for the City.

What has brought about this change in the composition of the City? A number of possible explanations have been identified: fragmentation of the extended family unit; increasing incidence of marital breakdown; greater tendency for young adults to leave their parents' homes at earlier ages; more affluence; basic demographic changes such as the baby boom and a swelling elderly widowed population. Who, then, are these individuals? The growth of the one-person household has occurred among all age groups. The single persons population, in fact, is understated since not all unattached individuals are included in the census definition of "one-person household". If we add single people who live in some sort of sharing arrangement with other unrelated people (such as individuals in rooming houses, flats without a separate entrance, communal residences, etc.), then one can envisage a broad spectrum of "non-family" households which includes students and young adults who have recently left home; older widowed individuals; newly arrived immigrants; middle-aged individuals who are divorced; and so on.

One of the essential characteristics that these seemingly disparate individuals share is a need for suitable accommodation. Central to any discussion of appropriate housing is the question of affordability. This implies, therefore, that we need to assess the relative ability of unattached individuals to purchase housing services.

2.2 The Income Gap

Statistics Canada conducts annual income surveys of a representative sample of the Canadian population. While these data are not broken down on an individual city basis, the national trends provide a good guide for how incomes in centres such as Toronto vary between families and unattached individuals. In 1980, the average family income was almost two and a half times that of the average unattached individual: $27,398 vs. $11,403. This disparity exists across all age cohorts and has persisted over time. In fact, if anything, the gap has widened slightly over the past decade, although fluctuations have occurred from year to year.

It could be argued that the actual purchasing power of unattached individuals may not be dissimilar to that of families because of higher living expenses incurred by families. Calculations by Statistics Canada of "revised low income cut-offs" prove that this is not true. Adjusting for varying levels of expenditures on food, shelter and clothing, the incidence of low-income among unattached individuals is over three times that for families. Two out of every five

unattached individuals spend an inordinate proportion of their income just on satisfying basic needs. This disparity between families and unattached individuals exists across all age groupings.

Given the focus of this report on affordable housing for smaller households it may be useful to examine more closely those aspects of affordability related to the lowest income segment of the unattached individual population.

A recent publication of the Social Planning Council of Metropolitan Toronto suggests that of all household types, the single person under age 65 years is least adequately served by social assistance programmes. The Council has determined that a single person on General Welfare Assistance (GWA) at the moment receives an annual income that is only 41.7% of that suggested by S.P.C.'s "Guides for Family Budgeting", or 41.6% of that indicated by Statistics Canada's revised low-income cut-offs. Moreover, of all household types, the non-senior single person on social assistance has fallen behind at the greatest rate in terms of deteriorating purchasing power. In order to attain the same level of income adequacy experienced in 1975, a single person under 65 on GWA would have to receive a 75.2% increase in his/her 1982 benefit rate.

The statistics cited above demonstrate that non-family, non-senior individuals as a group earn less and experience a substantially higher incidence of low income than families. Furthermore, those who must rely on social assistance are least adequately served by this source of income. On the basis of these observations alone, one could conclude that questions of housing affordability would tend to be more severe for low income, unattached individuals than for low income families. This conclusion is reinforced by the Social Planning Council's estimate of the budget implications, for various typical households on social assistance, of living in subsidized housing as opposed to renting on the private market. The single person under 65, whether on general welfare or GAINS for disabled, experiences by far the largest relative discrepancy in disposable income as an outcome of moving from public to private sector housing. In fact, it is estimated that the non-senior single living on GWA in Toronto will have only $39 per month with which to purchase all other basic requirements such as food, clothing and transportation if he or she is renting accommodation on the private market.

Two possible conclusions can be entertained on the basis of this information. First, the evidence appears to highlight the critical importance of subsidized housing programmes for

poor unattached individuals. The adequacy of these programmes is the subject of a section to follow. Second, there is some suggestion that housing suitable for this group of singles is relatively more costly than that which accommodates family households. The next section analyses various facets of this particular issue.

2.3 An Inadequate Stream of New Housing

The preceding sections have documented the phenomenal rise in the City's non-family, non-senior population. Traditionally, Toronto's housing stock has responded to changes in the social composition of the City in two ways: enhanced production of new units to meet emerging housing demands; and the evolution of new and often more intensive uses of the existing stock.

Table 1 shows annual housing production achievements for the City of Toronto since 1975. This is broken down according to unit type and housing sector. From the mid-1960's to the early 1970's Toronto experienced a boom in new apartment construction. It is during this period that high density, high rise apartment neighbourhoods such as St. Jamestown developed. Since a large proportion of the newly created units were small in size, it could be argued that new housing production was generally attempting to match the unprecedented growth in numbers of smaller households. Table 1 indicates that even into the late 1970's housing production in both the private and public sectors in Toronto was characterized by a balanced mix of unit sizes.

The year 1980 marks the onset of a pronounced decline in new housing production. Also noteworthy at this time is a shift in the unit mix of new construction. In the private sector in particular the proportion of small units dropped dramatically after 1979. Bachelor units and rooms have lost ground most significantly in both the private and assisted housing sectors.

TABLE 1

NET PRODUCTION OF NEW HOUSING UNITS - CITY OF TORONTO, 1975 - 1981

	PRIVATE							PUBLIC							GRAND TOTAL
YEAR	ROOMS	BACH.	1 BD	2 BD	3 BD	4+ BD	TOTAL	ROOMS	BACH	1 BD	2 BD	3 BD	4+ BD	TOTAL	
1975	147	67	588	232	93	34	1,161	-	-	-	3	9	4	16	1,177
1976	101	122	101	57	149	26	556	-	30	34	14	17	-	95	651
1977	-51	211	135	257	172	1	725	-	446	206	112	60	2	826	1,551
1978	-59	814	601	726	335	59	2,476	56	274	86	21	27	4	468	2,944
1979	36	762	887	1,087	540	4	3,316	67	924	888	311	205	40	2,435	5,751
1980	-23	56	232	456	389	14	1,124	21	709	549	277	127	15	1,698	2,822
1981	-72	30	195	378	507	-7	1,031	12	93	302	146	58	12	623	1,654

Note: Net production = new construction minus demolitions/conversions

Source: City of Toronto Proposed Development File

A virtual cessation of private rental housing construction in the last few years is the main contributing factor behind the general tapering off of new unit production. This pattern is evidenced by the dwindling number of new rental units entering the market, as specified in Table 2. These trends demonstrate that the City faces a shortfall in all new rental housing construction, including small unit production. As a consequence, the rental apartment vacancy rates in Toronto since the mid-1970's have generally been at or below the 1.0% level across all unit types. Rental rates have reflected the tight supply situation, with rents for all unit sizes experiencing increases in the neighbourhood of 30% for the three year period leading up to spring of this year.

2.4 Less Intensive Use of Existing Housing

While the reduced stream of newly constructed rental housing is limiting the number of housing opportunities available to all tenant households in Toronto, the situation for small or non-family households is further exacerbated by the diminution in supply of non-apartment rental stock. For low income unattached individuals, dwelling rooms and units in converted residences have represented a traditional source of accommodation which has tended to be relatively low priced and aptly suited to the life style patterns of this particular group of renters.

Conversion activity in the years leading up to and immediately following the second World War is largely responsible for the existing supply of non-apartment multiple unit dwellings. The post-war pattern in the multiple family use of properties has reversed this trend, however. While over one fifth of Toronto's households in 1951 resided in dwelling units containing two or more families, this proportion had dropped to a mere 2.0% by 1981. Some of these changes may represent improvements in previously over-crowded housing. This tendency toward the less intensive use of the existing housing stock is also documented by a continuous decline since the mid 1950's in the numbers of households having lodgers. Hence, the number of households with lodgers was reduced from a high of 50,000 in 1956 to less than 20,000 in 1976.

TABLE 2

NEW RENTAL UNITS ENTERING THE PRIVATE MARKET
BY UNIT TYPE, 1976-1981.

YEAR	LARGE UNITS	(%)	SMALL UNITS	(%)	TOTAL RENTAL UNITS
1976	230	(13%)	1497	(87%)	1,727
1977	288	(32%)	619	(68%)	907
1978	314	(24%)	989	(76%)	1,303
1979	572	(31%)	1268	(69%)	1,840
1980	320	(46%)	374	(54%)	694
1981	23	(56%)	18	(44%)	41

Note: Condominium Rentals are Excluded.

Large units are defined as having two or more bedrooms.

Source: Field Surveys conducted by the Research and Information Section of the City of Toronto Planning and Development Department, December 1976, 1977, 1978, 1979, 1980, 1981.

The process by which the City is losing non-apartment rental units has been termed "deconversion". The scale of this activity is indicated by comparing provincial assessment data with information on new building completions and recorded demolitions. Considering only the period between September 1976 and September 1979, assessment figures indicate that the total number of dwelling units in the City of Toronto increased by just over one thousand. However, the net additions to the housing stock in the same period, as calculated by the difference in completions and demolitions, amounted to almost six thousand units. With approximately five thousand units unaccounted for, it is apparent that Toronto is losing living places through deconversion almost as rapidly as it is attempting to increase the supply through new construction.

The alarming outcome of these countervailing processes is a qualitative shift in the composition of the City's housing stock. Table 3 looks specifically at the 1979-1980 period and confirms that the trend of deconversion identified for the 1976-1979 period has continued. Moreover, the unit loss is more pronounced for owner occupied properties than for absentee-owned buildings, the former being the typical tenure category for properties that house lodgers in rooms or smaller tenant households in flats.

The housing statistics cited above have disturbing implications. On the one hand, it has been argued that minuscule rental vacancy rates and the virtual cessation of new rental housing construction demonstrate that the City currently faces a shortage of crisis proportions in the supply of conventional apartment units. On the other hand, the stock of non-apartment rental accommodation that has traditionally housed low to moderate income individuals and couples is actually diminishing, and at a rate which seems unabated.

Table 3

CHANGES IN THE STOCK OF MULTIPLE OCCUPANCY
NON-APARTMENT PROPERTIES - CITY OF TORONTO, 1979-1980

RENTAL STOCK	1979	1980	CHANGE (%)
Total Properties	22,678	21,587	-1091 (- 5%)
- owner occupied	15,343	14,432	- 911 (- 6%)
- absentee owned	7,335	7,155	- 180 (- 2%)
Total Households	37,152	35,492	-1660 (- 4%)
- owner occupied	18,286	17,183	-1103 (- 6%)
- absentee owned	18,866	18,309	- 557 (- 3%)
Total Population Housed	84,097	79,354	-4743 (- 6%)
- owner occupied	41,178	38,077	-3101 (- 8%)
- absentee owned	42,919	41,277	-1642 (- 4%)

Source: Provincial Assessment File

With a growing demand for non-apartment rental accommodation, as implied by the numbers of unattached individuals living in Toronto, this decrease in supply has had the inevitable impact on rents. Some indication of the dimensions of this price escalation is gleaned from surveying past newspaper advertisements for rooms, flats, and shared accommodation. As summarized in Table 4, it is clear that non-apartment rents have risen at a substantially greater rate than those for conventional bachelor and one-bedroom apartments. Assuming that advertised rents are a reasonable guide to the price of non-apartment rental accommodation, the City now finds itself in a situation where, in some instances, the price of non-conventional rental housing has surpassed that of the regular apartment stock. The conclusion: a traditional source of accommodation for low-to-moderate income individuals and couples is becoming increasingly scarce and increasingly expensive.

2.5 Underlying Market Forces

In order to explain the housing trends in the City, as detailed above, and then to anticipate future patterns, it will be useful to examine the economics of housing production as they presently apply.

The size and nature of demand and the general economic environment influence production far more than the regulatory mechanisms at the City's disposal. At first glance, it might seem surprising that the supply of small units is perversely decreasing in the face of growing demand, but the market is really functioning as one would expect. In new construction, bigger units aimed at affluent purchasers seeking downtown locations simply make more money. Even bachelor units are large by normal standards. If this same clientele were to shift its preference in favour of truly smaller units, builders would undoubtedly respond, incorporating expensive amenities in exchange for size.

At the present time a new bachelor apartment, modestly equipped, would incur monthly operating expenses about 55% higher on a square foot basis than a similarly equipped two-bedroom apartment twice its size. But rent differentials now in new buildings are generally much smaller than this. Indeed, in many buildings, larger units are often commanding more per square foot than smaller units. People are paying a premium for space and for the flexibility of a larger unit. Until and unless the relative appeal of smaller units is enhanced, their economics just do not work.

TABLE 4 --

COMPARISON OR AVERAGE MONTHLY RENTS FOR NON-APARTMENT AND CONVENTIONAL SMALL UNITS - CITY OF TORONTO, 1977-1981

S O U R C E S

	NEWSPAPER ADS (MARCH)						CMHC (APRIL)	
Year	Rooms	(#)	Flats	(#)	Shared Accom.	(#)	Bachelor	1-Bedroom
1977	$ 115	(642)	$ 196	(340)	$ 136	(185)	$ 211	$ 262
1978	123	(491)	212	(242)	148	(175)	214*	286*
1979	144	(406)	227	(174)	149	(134)	223	277
1980	163	(397)	281	(164)	185	(118)	238	298
1981	186	(224)	354	(97)	235	(96)	267	322
Percentage Change - 1977-81	+62%		+81%		+73%		+27%	+23%

* October rent - April not available

Note: For each of the years cited, newspaper ads in two of Toronto's dailies were surveyed for the same 3 day period in the first week of March. The total number of observations for each housing type and for each survey period is indicated in parentheses next to the average advertised rent. Unit types are determined simply on the basis of ad descriptions.

Source: Research and Information Section of the City of Toronto Planning and Development Department, survey conducted March 1981.

The decisions involved in existing housing are more complex. Often they boil down to homeowners believing their comfort and privacy are worth more than the income derived from renting out extra space. But, why are we losing rooms from properties that are already income-producing and why are more owners not responding to pent up demand by converting space into smaller units? Here the economics peculiar to this type of housing play a part.

Financial analyses were prepared using a "representative" large, 12-room house to predict most profitable uses under varying circumstances. The patterns were fairly consistent. If the house is already owned (i.e., a new purchase is not involved), and the owner lives in it and operates it as a rooming house, he can make a higher profit by converting the rental space to a couple of luxury apartments, provided the property is located close to the downtown area and can therefore command high rents. If the owner renovates his own quarters as well, he will make slightly less profit with converted apartments than with a rooming house operation, but will have obtained very good accommodation for himself at relatively low cost. If the owner does not live in the house, he will generate less profit from converting to apartments than from running the building as a rooming house, and without the benefit of a cheap unit for himself - but only if he does not need to hire caretaking or security staff.

Although the dollars involved are a little different, the same pattern as above prevails if the house is in single family use at present and capital expenditures are required for conversion to either rooming house or apartment uses.

If the house were purchased now and financed at current rates with a reasonable equity, the new owner would sustain losses regardless of whether it is run as a rooming house (whether it started that way or had to be specially fitted) or is converted into apartments. The same sort of pattern as just described applies here too: losses will be smaller or the owner will have the advantage of inexpensive housing for himself should he choose to change the building into apartment use, so long as he lives on site. The absentee landlord would realize less loss from a rooming house, but again only if he avoids hiring someone to watch over the property, which is far less likely for rooming houses than for apartments.

Without even attempting to examine the impact of landlord and tenant legislation, general differences in management operations, or the regulations governing the respective housing uses, a simple economic analysis concludes that it no

longer pays to create small units and rooms in existing homes. The financial advantages accruing to absentee owners of rooming houses under certain conditions may well be offset by the improved capital gains potential of a converted apartment structure. The exceptions are to be found only in those areas of the City which are less attractive for residential purposes. Locational premiums built into rents are far more important for new apartments than they are for rooming houses.

Our analyses suggest there is a very sound economic rationale, quite apart from the City's own policies, underlying the continued elimination of the City's smallest units and the reluctance to develop similar accommodation in existing housing. This is unfortunate, since existing housing holds the only promise for affordable small units in the private sector. Even if the changes in market demand for new units noted above were forthcoming, we would see rents in excess of $1,000 per month for a bachelor apartment unless other subsidies were available. This is obviously beyond the threshold of affordability for most people, regardless of household size, and a clear indication that any Council actions to encourage small private units should be directed toward their promotion in existing housing.

2.6 Summary

The preceeding discussion has illuminated the following points:

- Toronto has historically had the largest concentration of small households in Metro and continues to be so characterized.

- The absolute and relative number of small households has risen dramatically in Toronto and Metro since the Second World War.

- Although unattached individuals exhibit a broad range of age and income characteristics, as a group they tend to have a significantly weakened position in the economy. They are the least adequately served by social assistance programmes. The availability of subsidized housing would make a greater difference for them than for other household types.

- With extraordinarily low rental vacancy rates and virtually no new rental construction, family and non-family tenant households alike are experiencing a severe shortage in the availability of conventional apartment units.

- An established trend of deconversion within the existing housing stock continues to result in the loss of non-apartment units that traditionally have accommodated non-family tenants.

- The price of non-apartment rental housing has escalated at a much greater rate than conventional apartment rents and now poses a particularly serious affordability problem for small households who have the fewest economic resources.

- Prevailing economic conditions militate against the production of small conventional apartments and, to a lesser extent, discourage the creation of small units within existing housing.

3. THE POLICY CONTEXT: REGULATIONS AND PROGRAMMES

3.1 Municipal Policies and Regulations

The City of Toronto's Official Plan contains strong statements regarding goals for the production of housing of various types in the City. Section 2A recognizes the need to provide a balance of private market and assisted housing for all residents of Toronto, including single persons. Emphasis is placed on housing production for families and individuals of low-to-moderate income, as well as for senior citizens and the handicapped. Section 1A further encourages the provision of "special housing" - which includes housing for single persons - in the Central Area.

There are limited tools at the City's disposal, however, with which to effect these objectives. The City is directly involved in the production of assisted housing through Cityhome, but this activity is constrained both by general market conditions and by senior government programmes. The mechanisms remaining within the municipal government purview basically relate to land use regulations as specified by the Zoning By-law.

Toronto's regulatory framework as it affects small housing units has lately come under criticism, most notably from the Bureau of Municipal Research in its recent report, "A Case for

Bachelorettes". There is no question that our existing by-law requirements for dwelling units and rooms in converted houses are complex and, in many instances, quite onerous. There are good reasons for the perceived severity of these regulations, however. As outlined in the "Report of the Mayor's Task Force on Bachelorettes" (April 27, 1979), a proliferation of illegal bachelorette conversions mostly in South Parkdale in the early and mid-1970's resulted in a plethora of physical and social problems. The City's response was, among other things, to tighten up its zoning requirements. The unfortunate fallout from this exercise, however, has been the accumulation of a bewildering array of intents and by-laws which also act to discourage other forms of non-family, non-apartment accommodation.

Since the perceived excesses of the current zoning by-law have been highlighted already in a number of reports such as the BMK report, the Bachelorette Task Force report, and the March 19, 1982 report from the Commissioner of Housing to your Committee, these regulations will not be dealt with in depth at this time. Rather, they are briefly outlined below:

1. Supervision and Maintenance. The owner of a boarding or lodging house must occupy as a permanent residence a minimum specified area in the house, or must have a bonafide tenant in "permanent" residence. The Zoning By-law also stipulates special requirements for "clean and orderly" maintenance.

2. Minimum Room and Unit Sizes. Zoning requirements for the minimum and average sizes of units and rooms in converted dwellings exceed those of both the Housing By-law and the Ontario Building Code. It is felt that the Zoning By-law is an inappropriate place for these standards, especially since these other two sets of regulations are specifically designed to address the concerns of minimum living standards within residential buildings.

3. Maximum Number of Rooms. There is an upper limit of 6 lodging rooms per house in R.2 and R.3 districts and 12 in R.4 and R.4A districts. The purpose behind setting maximum room numbers would seem to be in order to ensure that over-crowded, excessively dense developments do not occur. However, if the physical bulk of a project is controlled by density restrictions to its residential gross floor area and if the adequacy of related services such as parking is also stipulated by the Zoning By-law, then limiting the number of rooms in a boarding or lodging house becomes unnecessary.

4. Parking Standards. The parking requirements of the Zoning By-law call for one space for each three boarding rooms or fraction thereof in boarding houses and converted dwelling and lodging houses, plus one space for each two dwelling units or fraction thereof. Converted dwelling houses are essentially required to provide one space for each dwelling unit, although more recent standards (yet to be approved by the Ontario Municipal Board) exempt either one or the first two dwelling units, depending on whether parking existed prior to conversions. There is little recent empirical evidence to suggest that these parking requirements are realistic. Rather, parking standards have often been used as a tool to discourage undesired conversions. However, until more thorough research is undertaken in order to determine the actual parking needs of non-apartment multiple household buildings outside of the Central Area, the City has little guidance in establishing new standards.

5. External Appearance. A complex array of restrictions regarding exterior alterations and additions apply to the use and conversion of dwelling houses. It may be desirable to control alterations that result in changes to the facade of a building since this affects the physical appearance of a neighbourhood's streetscape. The extent of this control needs to be studied further. Restrictions on additions and alterations that do not relate to the facade (as viewed from the street) seem to be excessive and - since these controls do not apply to other houseform types - discriminate against the converted dwelling house.

6. Culinary and Sanitary Facilities. The Zoning By-law does not allow cooking equipment in sleeping rooms (this is inconsistent with the Housing By-law). The stipulation that a dwelling room can not contain both culinary and sanitary conveniences, but may contain one or the other, has led to enforcement problems since kitchen equipment can be removed fairly easily whenever an inspection appears imminent. In fact, the By-law would be more comprehensible and could be applied with greater ease and flexibility if the definitions related to dwelling rooms and dwelling units - and the structures that contain them - were simplified. It should be possible to distinguish between dwelling rooms and dwelling units and then simply specify buildings which contain either or both. This then makes it possible to consider deleting from the By-law converted dwelling houses, boarding and lodging houses, converted dwelling and lodging houses, and

boarding and lodging rooms. Ultimately, duxplexes, double duxplexes, triplexes and double triplexes could be eliminated.

It is important to note that the original series of By-laws, 321-78, and subsequent amending by-laws are not yet confirmed and approved by the Ontario Municipal Board. This results in a situation whereby the most restrictive standards of each of the old set of requirements and the new requirements are presently enforced - with the net outcome that the applied standards are substantially more onerous than what existed before 1978. Since the 321-78 series of by-laws and their amendments have for all practical purposes been in effect for the last few years and have resulted in a number of court actions, it is imperative that they are approved by the O.M.B. before any further action is taken to amend or repeal them.

The restrictions mentioned above apply mainly to the conversion of dwelling houses to multiple household use. There are a number of other more general provisions of the City's Zoning By-law which also impact unfavourably upon small units. To begin with, the construction of new boarding and lodging houses is not allowed in any residential zone. Converted boarding or lodging houses are prohibited in R.1, R.1A and R.1F districts. In fact, no multiple unit housing is allowed at all in R.1 zones (excepting a special case for Rosedale). The paradox here is that it is generally those neighbourhoods which enjoy this more restrictive zoning that also have the most physically appropriate houses and lot sizes for conversion to multiple household use.

Recent changes to the zoning designations of substantial parts of the City, combined with uses excluded from certain districts, have dramatically reduced areas where boarding and lodging houses are permitted. While C.1 districts <u>do</u> permit boarding and lodging houses, the zoning does not permit the introduction of dwelling <u>rooms</u> above the commercial area of C.1 buildings. If dwelling <u>units</u> are located in the upper portion of a C.1 building, the structure's height is restricted to three storeys and special limits are imposed upon the floor area of the residential portion of the building. Again, it could be argued that traditional shopping streets, which are typically zoned C.1, are particularly appropriate for non-family housing, yet this use is discouraged by the Zoning By-law.

Finally, the residential density limits for CR zones (with the exception of small sites) are defined in terms of units per hectare rather than the floor space indices that apply to R and C.1 districts. This has the effect of encouraging larger units in mixed commercial-residential areas in order to maximize a property's development potential. This provision of the Zoning By-law is presently under review.

While it is evident that a number of the provisions of the Zoning By-law serve as disincentives for small units in general and non-family housing in converted dwellings in particular, it is important to view Toronto's regulatory framework within a Metro context. From this broader perspective it can be asserted that Toronto, in fact, has relatively permissive requirements. By way of illustration, three of Metro Toronto's municipalities prohibit rooming houses outright: East York, North York and Scarborough. Rooming houses are permitted in certain zones within Etobicoke, but are subject to a number of restrictive conditions including a minimum 40 foot lot frontage. Similarly, conversions of single family dwellings to multiple household use are generally discouraged throughout Metro. In North York, for example, the type of conversion which can proceed as of right in most residential zones in Toronto requires a rezoning and Official Plan amendment. Finally, some of the other municipalities impose minimum unit size requirements that militate against small units in general.

The preceding discussion has focussed on ways in which the City's land use regulations deter smaller units and the more intensive use of the existing housing stock. This should not be interpreted to mean that the City is insensitive to the needs of low-to-moderate income individuals who typically are housed in these types of accommodation. Council has taken a number of steps directed at protecting Toronto's stock of moderately priced rental housing. Except under specific circumstances, for example, the City restricts the conversion of buildings from rental to condominium. Council has also adopted a policy that rezonings are not to be approved to permit apartment house renovations when such renovations would likely reduce the stock of moderate rental units. In addition, By-law 749-81 prohibits the reduction through renovation of the number of apartment units in apartment houses with 20 or more units in areas zoned residential. Another measure recently taken by Council is to request from the Province expanded powers of demolition control. This initiative was in response to a spate of demolition proposals involving older medium priced, moderate sized apartment buildings. While all of these steps are positive in terms of

trying to preserve rental housing, they can only deal with limited aspects of the problem of dwindling rental stock and, in the case of demolition control, are not even firmly within the powers of the City to enact.

In summary, the City is limited in its power to ensure the provision of low-to-moderate priced rental housing for smaller households. Some of its land use regulations have had a discouraging effect on the intensified use of existing dwellings. In the past, these have been seen as necessary in order to protect communities from undesirable, substandard developments. In a Metro context, Toronto is generally less restrictive than its neighbouring municipalities. The City has taken some additional measures aimed at preventing the loss of rental housing, but much of the influence in this regard lies with senior levels of government - to be discussed next - and, more pervasively, with general market conditions.

3.2 Senior Government Policies

Low income singles and couples have never been favoured by federal or provincial housing and rent subsidy programmes. There have been a few short-lived experiments that had some limited impact for this group of housing consumers, but these now appear as anomalies against a backdrop of programmes which are targetted at families with children living at home, senior citizens and the disabled. Moreover, federal housing priorities in more recent years favour home-ownership over rental supply. The Housing Department's "Building Challenges" report documents the serious implications that this has had on funds available to the non-profit housing sector. At an even broader scale, it could be argued that Ottawa's high interest rate monetary policy has restricted construction of all types of housing: private and public, rental and ownership. Changes in federal policy, then, have worked to the disadvantage of all low income persons but have created a particularly conspicuous void in terms of assistance to low income unattached individuals.

In the late sixties and early seventies new rental construction was much more attractive to the private sector. A number of government programs including the limited dividend program and the $200 million housing demonstration program made funds available to private developers for rental construction and for innovative design. Bradwin Court, a "high-rise rooming house" on Dundas Street East, was funded under the demonstration program as were the renovations of hotels in Vancouver's Gastown and in Winnipeg. In return for

government assistance in these projects, the rent levels were kept slightly below market rates.

The limited dividend program was used mainly to produce larger units, not rooming units. However, with the relatively large vacancy rate in the early seventies and because of the general increase in low cost rental stock made available as a result of this construction, some of these units filtered down to single persons or couples of low income. The general atmosphere at that time, on the part of the private sector, was to pursue a wide range of rental possibilities including innovative high density projects for low income single persons.

Since that time new construction activity aimed at this group of people has been virtually non-existent. The federal government eliminated its limited dividend program and replaced it with the Assisted Rental Program. In addition, tax subsidies of the MURB program were used to great advantage by private developers. With the cancellation of these programs, production collapsed. Both federal and provincial governments have stepped in with direct subsidies for builders of rental housing. But programs like the Ontario Rental Construction Grant (ORCG) and the Ontario Rental Construction Loan Programme (ORCLP), provided for market rents. Even if successful, therefore, the outcome may be more rental housing, but not necessarily small unit production and almost inevitably not low priced housing. In any event, these have all been discontinued and the federal government successor, the Canada Rental Supply Program, also does not directly address the question of affordability and, due to the limited funds available and the high cost of land in Toronto, has had very limited take up here. The federal government's Assisted Home Ownership Program (AHOP), after a chequered career, has also been terminated. The newest provincial initiative, the Ontario Renter Buy Program, is directed at the ownership market as well.

There are no other initiatives aimed at private builders. The provincial government has announced a series of programs, including InnoRent and a demonstration program, but has not provided funding at the time of writing. Proposed provincial budget figures will have an insignificant impact in quantitative terms but may point to some new ways to create housing from non-traditional sources - from schools, industrial and commercial space. Unfortunately these programs are not directed to smaller units and they might specifically exclude rooming houses which may offer the easiest conversion possibilities for many non-residential structures.

As the Commissioner of Housing reported in "Building Challenges", the Maximum Unit Price (MUP) restrictions governing social housing programs tend to discourage units geared to families with children, because the disproportionate costs of providing required amenities and achieving satisfactory designs on a typical site in Toronto are not adequately reflected in the MUP. But the disincentives for the smallest units - rooms - are more fundamental. There are neither design criteria nor MUPs for rooms unless they are intended for seniors or the handicapped. In effect, rooms just are not seen as part of these programs and it is anticipated that any project containing a very large proportion of rooms would not be approved.

If a project containing even a small proportion of rooms could secure approval, there may be little accomplished for singles in need of this type of housing. Rents which would be established at the low end of market would likely be on the order of $75.00 per week. This would prove too much for many people, as is the case with Cityhome rooming houses. The City already contributes direct subsidies to its existing rooming houses for this reason and will have to expand its subsidies to bring rents down to affordable levels in any new rooming houses Council sponsors.

Able-bodied single persons and couples under the age of 60 years without children at home are not eligible for rent-geared-to-income (RGI) assistance in municipal non-profit or in older co-operative projects. They are eligible in new co-op projects, but co-ops are family oriented and concentrate on larger units. A co-op is not likely to find committed members from the typical rooming house clientele. RGI provisions thus provide little relief from high rents for low income individuals looking for small units, even in social housing. In Toronto, these households face a desperate situation as their numbers grow and the supply of housing available to them shrinks. The next section outlines some approaches which could be taken if the City and other governments are prepared to recognize the problems experienced by these people.

4. FUTURE POLICY DIRECTIONS

The foregoing discussion has asserted that in order to promote the more efficient use of existing residential properties in the City, Council must encourage the creation of smaller units. In light of the growing numbers of small households, this represents a reasonable and appropriate policy direction for the City. Given the limited means of many of Toronto's unattached individuals, however, the question of affordability is of particular concern.

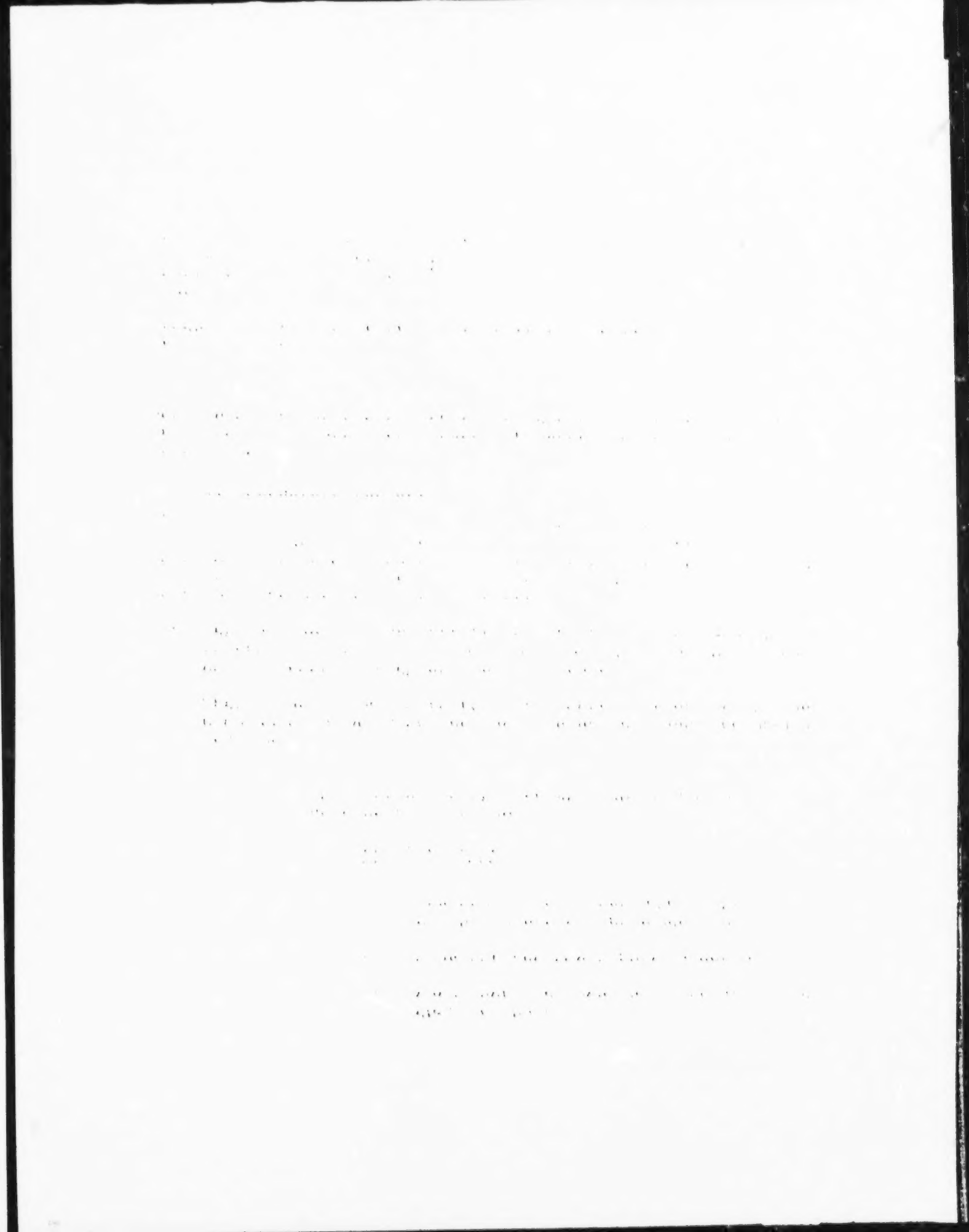
The recommendations that conclude this section suggest strategies aimed at fostering the production of more small units and, specifically, at promoting units that are affordable for low-to-moderate income small households.

4.1 Modifying the City's Land Use Regulations

It has been demonstrated that present market conditions have effectively stopped the construction of new rental projects. If the private sector is to contribute to the supply of small rental units then this is likely to occur only through more intensive use of the existing housing stock. The pattern to date, however, has indicated just the opposite direction: deconversion and the attendant loss of small, affordable units. The Plannning and Development Department's report, "Confronting the Crisis: A review of Housing Policy 1976-81" (January 1982), advised that there is little that the City can do (or should do, for that matter) to prevent owner-occupiers from deconverting their dwellings and hence removing non-apartment rental units. Rather, it was recommended that the City take action to counteract this trend by facilitating new conversions of single residences. This implies some softening of the more stringent and, in some cases, exclusionary policies of the Zoning By-law.

The City may find that this is an attractive means of addressing the shortage in supply of small rental units because, on the one hand, it is totally within the legislated mandate of Council to implement and, on the other hand, it does not involve any direct municipal expenditure. Its major drawback is its failure to address the question of affordability. Relaxing some of the by-law standards will make it easier and less costly for homeowners to convert their dwellings, but they are not likely to do so until the economic climate is favourable. Furthermore, the units so created will not necessarily be affordable for low income individuals, since private owners expect to be adequately compensated for the conversion of their dwellings. This implies market rents (or condominium conversions) which may be above the means of the needy. In addition, rooming house type arrangements require management resources that the average homeowner is likely either not to possess or be unwilling to expend.

There are at least two probable consequences of by-law revisions that should be recognized. First, the requirements of the Zoning By-law were formulated for a purpose and though we may now view some of the standards as excessive, their underlying goals are still valid. If the City undertakes a course of loosening some of these controls then it is critical



b) residential building:

i) contains exclusively residential uses;

ii) with one or more dwelling units; and/or

iii) one or more dwelling rooms.

c) lodging house:

i) a residential building;

ii) provides for gain lodging with or without meals;

iii) with dwelling rooms; and

iv) may include one dwelling unit;

and the deletion of and amendments to other definitions and provisions of Zoning By-law 20623 as appropriate and required.

1.2.2 the deletion of any provision prohibiting culinary facilities or sinks in dwelling rooms, as defined above.

1.2.3 the inclusion of a provision that restricts washrooms that are directly accessible to or can be provided for the exclusive use of a dwelling room, as defined above.

1.2.4 the deletion of any general reference in the Zoning By-law to the permitted number of dwelling rooms in residential buildings, as these terms are defined above;

1.2.5 the deletion of any general reference in the Zoning By-law to the permitted sizes of dwelling units and dwelling rooms in residential buildings, as these terms are defined above;

1.2.6 the deletion of restrictions to the number of dwelling units per hectare of lot area in any R, C1S or C1 district, as contained in Section 16(2)(107) of Zoning By-law 20623;

1.2.7 the deletion of special restrictions on additions and alterations to converted dwelling houses that do not relate to the facade treatment of same;

1.2.8 the inclusion of lodging houses as permitted uses in all R districts that permit apartment houses;

1.2.9 the inclusion of dwelling rooms as a permitted use in the upper portion of a C1 building in C1 districts;

1.3 That the Interdepartmental Task Force on Affordable Housing be requested to report further on the appropriate form of facade controls for dwelling houses.

1.4 That the Commissioner of Planning and Development in consultation with the Commissioner of Public Works, be requested to report on the form of a study of parking requirements outside of the Central Area, to be conducted either by his Department or by a private consultant under his direction, such study to recommend, inter alia, appropriate parking standards for dwelling rooms and dwelling units in residential buildings, as defined above.

1.5 That in his report on the zoning provisions for commercial strips outside of the Central Area, the Commissioner of Planning and Development be requested to have regard for the principles outlined in Recommendation No. 1 above and, more specifically, to comment upon the following:

1.5.1 possible increases to the residential densities allowed in C.1 zones;

1.5.2 modifications to the calculation of residential density in CR zones in order to encourage more small units and rooms;

1.6 That in his report on residential uses and densities in the mixed commercial/residential districts of the Central Area, the Commissioner of Planning and Development be requested to have regard for the principles outlined in Recommendation No. 1 above and to comment upon ways in which smaller housing units can be encouraged in the Central Area through amendments to the Zoning By-law.

2. That, in pursuing its Official Plan objective of an equitable distribution of housing to meet the needs of identified target income groups, Council recognize the special needs of low-to-moderate income smaller households; and adopt as policy goals a stronger advocate role by the City with respect to senior government rental assistance and subsidy programs for small households, together with a commitment of City funds for the provision of affordable housing for this target group, all as detailed below.

2.1 That Council again request responses from the Minister Responsible for the Canada Mortgage and Housing Corporation and the Ontario Minister of Municipal Affairs and Housing to Recommendations Nos. 9 and 10 of the Commissioner of Housing's "Buildings Challenges" report, such recommendations calling for the provision of rental subsidies for low income single persons in rooming houses and in non-profit accommodation.

2.2 That Council request the other municipalities within Metropolitan Toronto to review and revise their respective regulations so as to implement the provisions of Metroplan and encourage the establishment of more housing of an affordable nature for small households.

2.3 That Council request the Provincial Government to provide funding for the InnoRent Program and allow municipalities to use such funds directly.

2.4 That the Inter-Departmental Task Force on Affordable Housing be requested to identify candidate projects that may become eligible for funding as a result of the actions referred to in Recommendation 2.3 above, such projects to emphasize affordable small units for low income single persons.

2.5 That the Commissioner of Planning and Development, in reporting on the form of a development levy as outlined in Recommendation C1 of his "Confronting the Crisis" report, be requested to outline the potential allocation of monies raised by such a development levy for the types of projects identified in Recommendation 2.4 above.

2.6 That Council endorse in principle the expansion of the City's direct rooming house subsidy to cover the difference between market rents required under the revised non-profit housing program and what rooming house tenants are capable of paying, in order to facilitate the erection of new City-owned rooming houses.

2.7 That, upon approval in principle of Recommendation 2.6 above, the Commissioner of Housing be requested to report on what proportion of rooms could be targetted for construction in new Cityhome projects.

Planning and Development Department

Buildings and Inspections Department

Housing Department

DA/if

APPENDIX I:

REFERENCES

Many of the statistics on general household characteristics cited in Section 2 of this report are taken from Statistics Canada bulletins. The recent paper by John R. Miron entitled "The Rise of the one-person household in Ontario: implications for planning" (1979) was useful in explaining some of the factors that underlie the demographic shifts suggested by these statistics.

Information on the incomes of families and unattached individuals is contained in Statistics Canada, "Income Distributions by Size in Canada, 1980", Catalogue 13-207. Data on the adequacy of social assistance programs for various households types are from Social Planning Council of Metro Toronto, "Social Infopac", Vol. 1 No. 3 (July 1982).

Statistics on new housing production are summarized annually by the Research and Information Section of the Planning and Development Department and published in the "City Monitor". A more detailed discussion of de-conversion is contained in the Planning and Development Department's "Research Bulletin 16". All of this information is available upon request from the Planning and Development Department.

The discussion in Section 2.5 of this report regarding the economic implications of small unit production and conversion is based on a series of proformas that take into account current market conditions. Further details on the methodology used are available from the Housing Department.